

CONFIDENTIAL

Approved For Release 2004/10/08 : CIA-RDP79T00472A000700020018-1

PROBLEMS IN ETHIOPIA

Ethiopia, despite certain trappings of modernity, is still a backward, semi-feudal country, whose economy is largely agricultural with generally primitive techniques. The country is tightly ruled by Emperor Haile Selassie. He makes all the major and many of the minor decisions, holds firmly all the reins of power, and is reluctant to institute real reforms. This behavior stifles initiative within the government, and has produced discontent among the capable elite and the Armed Forces. The opposition lacks cohesion and leadership, however, and since the Emperor shows no signs of mental deterioration, we believe he will continue to rule until his death. At that time, there will probably be a struggle for power, as we doubt that the Crown Prince is strong or wily enough to rule as his father has.

Ethiopia has accepted aid and diplomatic missions from most of the European Communist countries, and will probably soon recognize Communist China. Its relations with these countries have been correct rather than warm, and for the most part Communist diplomats and technicians in Ethiopia have not misbehaved. The Emperor is suspicious of most foreigners, and seems to have adopted a policy of accepting aid, advisers, and technicians from a wide variety of countries--India, Sweden, Norway, Israel, the UK, France, West Germany, to name a few--in order to keep anyone from achieving a dominant position.

Ethiopia is gravely concerned over Soviet military deliveries to the Somali Republic, and over increasing dissidence in Eritrea, where the population is nearly half Moslem. The Ethiopians view trouble there as a precursor to the Muslim encirclement it has feared for centuries. The Emperor is proud of his growing reputation as an African statesman, and we expect him to go to considerable lengths to cultivate this image.

--	--	--

25X1

Approved For Release 2004/10/08 : CIA-RDP79T00472A000700020018-1

CONFIDENTIAL

PROBLEMS IN UGANDA

Uganda is a fortunate country economically, but its favorable balance of payments is vulnerable to fluctuations in the world price of coffee and cotton. The US is aiding Uganda in its efforts to diversify the economy by developing other industries, such as cattle ranching. Uganda has a higher percentage of educated people than many African countries, but it still suffers from the usual lack of trained technicians. The doctors provided by the South Korean government have been a most welcome contribution to meeting this problem.

Despite the fact that President Obote's Uganda Peoples Congress (UPC) controls parliament with a two-thirds majority, the opposition has been able to restrain him so far. For years the country has had its own system of checks and balances in the form of tribal, racial and religious rivalries. Obote is more radically inclined than most men in his government, but domestic pressures--largely from the Kingdom of Buganda--have forced him to adopt a relatively conservative posture. He apparently intends, however, to abolish the opposition parties.

Obote sided with the Communist and radical African nations in backing the Congolese rebels, but within Uganda overt Communist activity has been successfully limited. Although the Communists have made numerous attempts to subvert individual Ugandan officials, the moderate element has managed to retain control of the UPC apparatus. Partly as a result of the flareup along the Congolese border, the Ugandan Army is now in the throes of a major expansion. The officer corps has been stretched too thin and discipline has suffered. In the West Nile district in particular, the army has been running things much as it pleases and in the process appears to have developed an inflated sense of its importance and capabilities. Most military assistance is now coming from Western sources. If control of the army remains in the hands of the more radical Ugandans, it may become an influential factor in Ugandan politics.

CONFIDENTIAL

Approved For Release 2004/10/08 : CIA-RDP79T00472A000700020018-1

PROBLEMS OF THE SOMALI REPUBLIC

The Somali Republic is a poor country, almost entirely dependent upon agriculture (bananas) and cattle raising--and foreign budgetary and economic assistance. Its income from the banana trade is dependent upon preferential marketing arrangements with Italy, which are soon to end, and almost all its economy is dependent upon rainfall--except for irrigated areas along the two southern rivers--which at best is barely sufficient. Possibilities exist for more extensive dry-farming, and for the development of a fisheries industry, both of which would require foreign aid.

Tribal rivalries, lingering animosities between the northern (ex-British) and southern (ex-Italian) section of the country, and extensive corruption (tied partly to the tribal system) still make for an unstable domestic political situation. The present moderate and generally pro-Western prime minister, in attempting to combat tribalism and corruption, has alienated many traditional sources of power, and his government will come under heavy attack when the National Assembly reconvenes in late April.

Somalia expends much of its resources and energies pursuing its irredentist claims against Ethiopia and Kenya. This problem, which has created much ill-feeling and even open hostilities in the Horn of Africa, is one for which we see no early solution. Largely because of its fear of Ethiopia--and Western reluctance to meet its requests--Somalia has accepted a \$35 million military assistance program from the Soviet Union. It has also accepted a substantial amount of economic assistance from both Moscow and Peking. Somalia has at times shown anti-US and anti-Western sentiments.

The US has continued to assist the Somali National Police, to contribute to economically sound development projects, and in every possible way to encourage the Somali Government to seek a peaceful solution to its problems with its neighbors.

CONFIDENTIAL

Approved For Release 2004/10/08 : CIA-RDP79T00472A000700020018-1

THE MALAGASY REPUBLIC

Compared with most of the new African countries, the Malagasy Republic stands out at present as an area of relative stability and a bulwark against Communist inroads. President Tsiranana's leadership, exercised through his Social Democratic Party, has been generally effective and seems unlikely to be challenged by anyone in the near future. He is outspokenly anti-Communist, especially anti-Peiping, and readily identifies himself with the free world. His regime has retained very close ties with France and, exerts a decidedly conservative influence in pan-African politics.

There are some clouds on the horizon, however. Within the ruling party there is a clearly discernible split between left-wing nationalist and conservative pro-French factions. This is likely to assume greater significance in the future, especially when the present top leadership departs the scene. Already Tsiranana has had to intervene on several occasions to damp down the increasingly sharp rivalry between his ambitious interior minister, Andre Resampa, leader of the left-wing faction, and Minister of National Economy Rabemananjara. Resampa has on occasion been difficult in his relations with some foreign representatives.

A more fundamental problem is the continuing ethnic clash between the coastal peoples to whom the French turned over political power and the culturally more advanced, Polynesian-derived Merina people of the interior plateau who had held hegemony over the island in the immediate pre-French era. Most Merina are strongly anti-French and support the principal opposition party (AKFM), which is manipulated by a small coterie of Communists. Nevertheless, because of the Merina's superior educational attainments, the Tsiranana regime has had to rely on them to a great extent to staff the government services and will probably have to do so even more in the future as French administrative and technical personnel are phased out.

Approved For Release 2004/10/08 : CIA-RDP79T00472A000700020018-1

CONFIDENTIAL

~~CONFIDENTIAL~~

Approved For Release 2004/10/08 : CIA-RDP79T00472A000700020018-1

Perhaps the greatest threat to the continuation in power of a moderate, free-world oriented regime lies in the economic realm where the growth trend since independence in 1960 has at best been modest. The economy is predominantly agricultural and export-oriented--coffee, vanilla, rice, and sugar are leading exports--and large segments of the population remain outside the modern sector. A five-year development plan adopted in 1964, which calls for a three percent annual increase in per capita GNP, is heavily dependent on foreign assistance. Most of the funds will come from France and the European Common Market, but even a modest contribution from other donors, especially to the agricultural sector, would be a useful contribution which would probably pay political dividends.

Approved For Release 2004/10/08 : CIA-RDP79T00472A000700020018-1

~~CONFIDENTIAL~~

CONFIDENTIAL

Approved For Release 2004/10/08 : CIA-RDP79T00472A000700020018-1

MALAWI

Even before independence in July 1964, Malawi faced serious economic problems. Barely two months after freedom a political crisis erupted which remains unresolved and threatens to unseat President Banda.

Malawi is an extremely poor country, densely populated, with few natural resources, and totally dependent on outside assistance. Most of its 3 million people live in a subsistence agriculture economy; its principal export is its excess labor to the mines, farms and industries of Rhodesia and South Africa. The country survives financially only through heavy British subsidies to the budget and development fund. Banda, with an eye to preventing popular discontent over the slow pace of economic advance, has drawn up an ambitious development plan (\$125 million) but he has been unable to find the funds.

Economic necessity and geographic location have largely determined Malawi's foreign policy. The need to export labor and the fact that Malawi's only transit exit is through Portuguese Mozambique have forced Banda to pursue a friendly policy toward white-ruled Rhodesia, South Africa and Portugal, much to the distaste of his more radical lieutenants and some African states. While Banda publicly avows a policy of "disinterested neutralism"--he has said he intends to recognize Red China--he clearly leans toward the pro-Western, anti-Communist camp. Unless he feels the West has failed him in the way of economic assistance, or unless domestic pressures become overwhelming, it is unlikely Banda will make any radical changes in posture.

Banda's autocratic methods of rule and refusal to share power with his colleagues are at the root of his political problems. The struggle between Banda and six of his ministers which broke out in September has now evolved into a terrorist, hit and run guerrilla campaign aimed at unseating Banda. Small bands of rebels are now active in Malawi, some of them infiltrated from adjoining Tanzania where five of the rebel ministers are located. Banda is not currently in danger, but if the rebels win substantial outside support or if they are able to bring about serious defections in the army and police, Banda's days will be numbered.

Approved For Release 2004/10/08 : CIA-RDP79T00472A000700020018-1

~~CONFIDENTIAL~~

Approved For Release 2004/10/08 : CIA-RDP79T00472A000700020018-1

The US of course hopes that a reconciliation between the disputants can be achieved, since we have a basic interest in the development of Malawi into a stable, genuinely independent nation, capable of resisting radical trends in Africa. However, the US looks to Britain as having primary responsibility for Malawi's further development and is following Britain's lead. We are at the same time continuing our relatively modest technical assistance projects, which are designed to supplement the British program.

Approved For Release 2004/10/08 : CIA-RDP79T00472A000700020018-1

PROBLEMS IN KENYA

The government of Kenya has done a capable job of maintaining law and order and political stability since the country became independent sixteen months ago. As an original African nationalist, President Kenyatta has been sympathetic to some radical African viewpoints, especially on matters of foreign policy such as detestation of Tshombe's Congo.

The country has severe, but not necessarily insoluble, economic problems. Kenyatta has recognized the necessity for maintaining political and economic confidence in order to retain and attract foreign skills and capital. His stress on building a multi-racial society has slowed the exodus of whites and Asians, but the latter in particular will be subject to increasing demands for Africanization of their jobs. Kenyatta publicly welcomes foreign investment which contributes to Kenya's welfare and he has prevented several anti-Western demonstrations planned by radical Kenyans on the grounds that investors would be scared off.

The main cause for concern in Kenya is vice-president Oginga Odinga and his pro-Communist cohorts. By dispensing Communist money and scholarships to politicians, youth organizers, labor leaders and malcontents Oginga has attracted a sizable following. Although he probably lacks sufficient strength at this time--possibly even the intention--to topple Kenyatta by force, there have been reports of Communist arms being smuggled into Kenya, and many of the Kenyans handpicked by Oginga for military training in Communist countries are beginning to return. Oginga's bid for power is likely to come when Kenyatta vacates the presidency. The vice-president does not automatically succeed him, but Oginga can count on substantial support among the backbenchers in parliament, which will elect the successor. Kenya's moderate leaders are beginning to form a common front against the Oginga threat, but much work remains to be done.

To bolster the moderate forces and to eliminate some of the discontent which the pro-Communists exploit the US is supporting the Kenya government's efforts to reduce unemployment, one of the country's major problems. Youth camps are being established where young Kenyans will participate directly in the country's development while learning new skills. For many years, the US and other Western nations have conducted

an intensive program for educating Kenya's youth. The first of these are now beginning to return from foreign universities and will be a welcome addition to Kenya limited supply of trained manpower. We expect that the UK will continue to shoulder the main burden of Western assistance to Kenya.